

Message Text

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14

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 TAR-02 AID-20 NSC-10 RSC-01

CIEP-02 SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-02 PA-03 PRS-01 USIA-12 DODE-00

OEP-01 RSR-01 /144 W

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TO SECSTATE WASHDC 3708

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E. O. 11652: N/ A

TAGS: ENRG, EIND, RP

SUBJECT: GOVERNMENT HEARINGS ON NEW ROUND OF PRICE INCREASES
FOR OIL PRODUCTS

REFS: MANILA 1122

SUMMARY: OIL INDUSTRY COMMISSION HAS BEGUN HEARINGS
ON OIL COMPANIES' PETITIONS FOR PRICE INCREASES
AVERAGING 2.15 CENTAVOS PER LITER. COMPANIES BELIEVE
ACTION WILL BE DELAYED IN ORDER POSTPONE INFLATIONARY
EFFECT. OIC WILL HOLD SEPARATE HEARINGS ON
CANCELLATION OF DEALER DISCOUNTS WITH COMPANIES
EXPECTING CANCELLATION TO BE SUSTAINED. END SUMMARY

1. OIC HELD INITIAL HEARING MARCH 8 ON OIL COMPANIES'
PETITIONS FOR NEW PRICE INCREASES RANGING FROM 1.93
(CALTEX) TO 2.45 (SHELL) CENTAVOS PER LITER (AVERAGE
IS 2.15 CENTAVOS) ON ALL PRODUCTS. COMMISSIONERS
REQUESTED COMPANIES PRESENT INDUSTRY- WIDE
CONSOLIDATED COST MATRIX WHICH WOULD BE BASIS FOR
UNIFORM PRICE INCREASE PETITION. THIS TO BE SUBMITTED
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BY COMPANIES THIS WEEK. INCREASES IN TARIFF ON CRUDE OIL AND WHARFAGE FEES EFFECTIVE JAN 1 ACCOUNT FOR MOST OF COST INCREASE. FINANCE SECRETARY VIRATA HAS REPORTEDLY STUDIED AND REJECTED IDEA OF WAIVING INCREASED TARIFFS AND FEES.

2. OIC ALSO REITERATED DEMAND FOR HIGHLY DETAILED INFORMATION FROM EACH COMPANY ORIGINALLY DUE FEB 15. DATA REQUESTED INCLUDES MUCH PROPRIETARY INFORMATION, EXECUTIVES' SALARIES, ETC. WHICH COMPANIES ARE RELUCTANT TO PROVIDE. COMPANIES HOPE NEDA, WHICH NOW IN SUPERVISORY ROLE OVER OIC, WILL INDUCE OIC TO BACK AWAY FROM EXCESSIVE DEMANDS FOR INFORMATION. IN MEANTIME, OIC HAS STATED NEXT HEARING WILL NOT BE SCHEDULED UNTIL DATA RECEIVED.

3. CONSENSUS OF OIL COMPANY EXECS IS THAT OIC WILL DRAG OUT HEARINGS TO POSTPONE ANY PRICE INCREASE IN VIEW OF GOP ANTI- INFLATION EFFORT. DEMANDS FOR MORE DETAILED DATA COULD BE EXCUSE FOR DELAY.

4. DEALERS' PROTESTS AGAINST CANCELLATION OF DISCOUNTS BY COMPANIES AS COST- REDUCING MEASURE (REFTEL PARA 2) HAVE BEEN PLACED BEFORE OIC. COMMISSION WILL HOLD SEPARATE HEARINGS ON PROBLEM. COMMISSIONERS AND GOP SPOKESMAN HAVE PUBLICLY EXPRESSED SYMPATHY FOR DEALERS, BUT COMPANY OFFICIALS BELIEVE IT LIKELY THAT OIC WILL SUSTAIN COMPANIES' ACTION ON DISCOUNTS (WHICH REDUCED COSTS AVERAGE OF 1.5 CENTAVO PER LITER) AS QUID PRO QUO FOR DELAYING TACTS ON NEW PRICE INCREASE PETITION. BYROAD

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